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REPORT OF THE FIFTH MEETING OF GOVERNMENTAL EXPERTS FROM LAND-LOCKED AND TRANSIT DEVELOPING COUNTRIES AND REPRESENTATIVES OF DONOR COUNTRIES AND FINANCIAL AND DEVELOPMENT INSTITUTIONS

Held at United Nations Headquarters, New York,
from 30 July to 3 August 2001

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ENG

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INTRODUCTION

(i) The Fifth Meeting of the Governmental Experts from Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions was held at United Nations Headquarters, New York, from 30 July to 3 August 2001, pursuant to paragraph 11 of General Assembly resolution 54/199.

(ii) The terms of reference of the Meeting, as set out in the General Assembly resolution, were to review progress in the development of transit systems in the land-locked and transit developing countries, including consideration, pursuant to General Assembly resolution 54/199, of the proposal made by the fourth meeting in 1999 regarding the convening in 2003 of a ministerial meeting on transit transport issues so as to give appropriate emphasis to the problems of land-locked and transit developing countries.

(iii) For its consideration under item 3, the Meeting had before it a report prepared by the UNCTAD secretariat entitled "Transit Systems of Land-locked and Transit Developing Countries: Recent Developments, and Proposals for Future Action" (TD/B/LDC/AC.1/17).

(iv) In addition to the main document (TD/B/LDC/AC.1/17), a number of background documents were made available to the Meeting in the language(s) in which they were prepared (see annex II).

I. AGREED CONCLUSION AND RECOMMENDATIONS

A. Transport costs, export performance and sustainable development

1. Despite some positive developments in transit transport systems, lack of territorial access to the sea, aggravated by remoteness and isolation from world markets and high transit costs and risks, continue to impose serious constraints on the overall socio-economic development of land-locked developing countries. They have not been able to take full benefit of the new trade and investment opportunities offered by the process of liberalization and globalization. They need greater assistance to enable them to integrate effectively and beneficially into the global economy.

2. Most transit countries are themselves developing countries facing serious economic problems, including the lack of adequate transit transport infrastructure.

3. The Meeting underlined the importance of transport for the development process in general and for the promotion of national, regional and international trade in particular which significantly contribute to the goal of eradication of poverty. Weak infrastructure, and inappropriate policy environments lead to inefficient transport services that engender high transport costs, which are a major impediment to trade expansion, competitiveness, and hence sustainable development in many land-locked and transit developing countries. The development of a coherent, national, regional and international transport network, combined with efficient transport services, are essential for stimulating economic activity, opening up productive areas in individual countries and linking them to national, regional and international markets.

4. Governments should give high priority to the transport sector by formulating and strengthening their policies to attract investment in infrastructure and related services. In this context, private sector participation has an important role in improving the quality of transport and transit services including through a public-private partnership framework.

B. Infrastructure development

5. An effective regulatory framework and the establishment of a conducive environment are a prerequisite for infrastructure development. Development of infrastructure, including the upgrading of existing assets, requires a degree of financing exceeding the means of land-locked and transit developing countries. The decline of official development assistance (ODA), and inadequate private financing have negatively affected transit systems not only in land-locked developing countries but also in transit countries as most of them are either developing or least developed countries also in need of external financing. There is a need for increased ODA and private investment.

6. Regional cooperation and integration involving land-locked and transit developing countries can be an asset through pooling limited resources and achieving needed economies of scale. There are a variety of regional cooperation initiatives, such as the trade and transport facilitation project in South-East Europe, and the Development Corridor and Spatial Development Initiative (SDI), which has taken root in Southern Africa. SDI places transport in general and transit transport in particular in a broader socio-economic context that views transport, from a holistic perspective. It

recognizes the interdependence of transport with other sectors. For example, tourism and agriculture or mining cannot flourish without an adequate transport system and, in turn, a transit system is there to serve needs of other economic sectors and its sustainability depends on demands derived from those sectors. Hence there is a need to attract investment, in a more coordinated manner, across a wide range of activities and programmes including transport infrastructure and related projects.

7. Decisions concerning transport development projects should be taken in consultations, as appropriate, with relevant stakeholders. In order to ensure suitable and efficient investment allocation for infrastructure development, it is vital for local and national authorities to exercise true ownership over such programmes and projects.

8. In conclusion, the Meeting called for:

(i) A reversal of the current downward trend of ODA and private financing for transport development in land-locked and transit developing countries;

(ii) Provision of financial and technical assistance by donor countries, UNDP and multilateral financial and development institutions to land-locked and transit developing countries in the form of grants or concessional loans for the construction, maintenance and improvement of their transport, storage and other transit-related facilities;

(iii) The acceleration of reforms in the transport sector and other related services, including support for the liberalization of the transport sector as well as the greater involvement of the private sector in providing transport services;

(iv) Greater involvement of relevant stakeholders in the planning and selection of infrastructure projects;

(v) Specific financing for the missing elements of transit corridors;

(vi) The establishment of regional initiatives to support multi-country projects and advanced regional integration;

(vii) The improvement of the management of infrastructure services by promoting business discipline and by establishing competitive markets;

(viii) A holistic approach to transport, taking into account physical, policy, procedural and institutional considerations.

C. Trade and transit facilitation designed to reduce costs and improve the efficiency of transit operations

9. Transit procedures must be coordinated with physical movement to ensure the speedy passage of goods through transit countries. Complex formalities, multiple documentation requirements, and inter-country variation in procedures and documentation are all important sources of additional and avoidable costs and inefficiency in transit transport. Facilitation measures, which aim at simplifying, rationalizing and harmonizing procedures, provide a means of improving the quality of transit and of eliminating many avoidable costs in transit systems, particularly indirect transit costs, such as administrative expenses incurred in organizing transit operations, delays in delivery and inventory costs.

10. International conventions, and regional and bilateral agreements ratified by Governments are the main vehicles through which harmonization, simplification and standardization of rules and documentation can be achieved. Many land-locked and transit developing countries have undertaken measures to strengthen their transit transport cooperative arrangements. The international community has played an important role in supporting the normative law and systems reform process but greater financial and technical assistance is required to help land-locked and transit developing countries to effectively implement their cooperative agreements and arrangements.

11. Access to and from the sea should be in accordance with bilateral, regional and international agreements and conventions.

12. Many land-locked and transit developing countries have also accepted that the changing structure of transit trade result in demands for more efficient institutional arrangements at the national and regional level. An important manifestation of these changes has been increased participation of the private sector. Although public-private sector partnership is on the rise, this process is still in its formative stage and requires support from the international community before it can become widespread.

13. The changing nature of transit trade requires the enhancement of the knowledge and skills of those involved in policy-making and regulatory functions as well as those responsible for day-to-day operations, through training, including continuing education for existing professionals. Regional transit transport cooperation involving adoption of common rules and technical standards require governments and the private sector to introduce new measures and actions designed to implement the various commitments.

14. In conclusion, the Meeting called for:

(i) Enhancing and accelerating the implementation of transit transport cooperation through bilateral and/or regional agreements and arrangements in line with international conventions;

(ii) The elimination of non-physical barriers which compromise the competitiveness of trade to and from land-locked and transit countries;

(iii) The reduction of high tariffs in accordance with bilateral, regional and multilateral agreements;

(iv) Establishment and/or strengthening of trade and professional associations at the national and regional levels;

(v) Promoting and ensuring the implementation of regional initiatives on trade facilitation and transit transport systems contributing to regional integration in accordance with bilateral, regional and international agreements and conventions;

(vi) Strengthening the capacities of Governments and related agencies to effectively carry out further simplification, harmonization, standardization of transit procedures and documentation, including the improvement of customs transit systems through strategic planning, monitoring policy and regulatory reforms;

(vii) Promotion of consultation and dialogue, in accordance with bilateral and regional agreements between transit operators in the public and private sectors at the national and regional levels with the objectives of solving transit and other related operational problems;

(viii) Provision of grants and concessional financing for human capacity building at the policy, regulatory and operational levels.

D. Follow-up actions

15. While land-locked and transit developing countries bear the primary responsibility to implement measures designed to strengthen their cooperative and collaborative efforts, the international community, including financial and development institutions, should provide more support to enable these countries to deal effectively with their transit transport problems and requirements.

16. Many land-locked and transit developing countries have concluded bilateral and regional agreements and are making efforts to implement them. The international community should provide technical and financial support to accelerate the implementation of these agreements and arrangements.

17. Regulatory and institutional reforms undertaken to modernize and improve the efficient working of transit transport systems at the national and regional levels should be maintained by the land-locked and transit developing countries concerned. The international community should support these efforts.

18. Human capacity building for both the public and private sectors should be encouraged. Development partners should encourage foreign direct investment to contribute to the upgrading of professional and managerial skills of the private sector in land-locked and transit developing

countries. ODA should support public sector capacity building in order to promote economic development.

19. UNCTAD should assist in accordance with its mandate the implementation of the above recommendations and the Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community.

20. UNCTAD's technical cooperation programmes, including the Automated System for Customs Data (ASYCUDA), and the Advance Cargo Information System (ACIS), which had made important contributions to the improvement of transit transport in land-locked developing countries and their transit neighbours, should continue to accord due priority to this group of countries, particularly to regions that have not yet benefited from such programmes. UNCTAD should also undertake new specific case studies, at the request of concerned States, on issues relating to transport organization in land-locked and transit developing countries and report thereon to the next Meeting.

21. The international community, including donor countries and financial and development institutions should strengthen their support for national, bilateral and subregional infrastructure and transit transport projects and programmes, including through the provision of adequate financial and technical support to one-stop borders post, as well as through improving current financing modalities and introduction of new facilities, such as co-financing, bank-to bank loans, guaranties.

22. The Meeting recommended that an International Ministerial Meeting of Land-locked and Transit Developing Countries and Donor Countries, and Representatives of International Financial and Development Institutions on Transit Transport Cooperation be convened in 2003 in order to give emphasis to the development of efficient transit transport systems. The UNCTAD secretariat, in cooperation with the World Bank, regional development banks and other relevant international and regional organizations, is requested to provide substantive and organizational preparations for the Meeting. The necessary preparations should be undertaken at the sub-regional and regional levels with the appropriate involvement of all major stakeholders, including the private sector. In this context, the Meeting welcomed the generous offer made by the Government of Kazakhstan to host the Meeting.

23. The Meeting noted with deep appreciation the generous financial contribution made by the Government of Japan to the organization of the current Meeting. This had made possible the participation of national experts from land-locked developing countries and resource persons, which contributed significantly to the quality of the deliberations and the outcome of the Meeting.

24. The Meeting took note with appreciation of the substantive inputs and support by UNCTAD and the World Bank.

II. REVIEW OF PROGRESS IN THE DEVELOPMENT OF TRANSIT SYSTEMS IN LAND-LOCKED AND TRANSIT DEVELOPING COUNTRIES (Item 3)

Opening statements

25. Opening the Meeting on behalf of the Secretary-General of UNCTAD, the **Officer-in-Charge of the Office of the Special Coordinator for Least Developed, Land-locked and Island Developing Countries** welcomed the governmental experts and representatives to the Meeting.

26. **His Excellency Ambassador Yukio Satoh (Japan), Chairman of the Fifth Meeting of Governmental Experts**, in his opening remarks, stated that his country paid special attention to land-locked and island developing countries. It was in this context that his Prime Minister gave a reception for these countries during the Millennium Summit. He noted that the mandate of the Meeting, as set out in the General Assembly resolution, was to review progress in the development of transit systems in the land-locked and transit developing countries and to convene in 2003 a ministerial meeting on transit transport issues. He expressed his personal determination to bring the Meeting to a successful conclusion, and expressed his hope that the other members of the delegations would support him to this end.

27. The **Officer-in-Charge of the Office of the Special Coordinator for the Least Developed, Land-locked Developing Countries and Small Island Developing States**, in his statement, thanked the Government of Japan for providing financial support, which enabled the participation of experts from a number of land-locked and transit developing countries to attend the Fifth Meeting of Governmental Experts.

28. The land-locked developing countries, most of which are the poorest, experience the weakest growth rate and depend on a limited number of commodities. They have not been able to take advantage of the new trade opportunities offered by liberalization and globalization. Development of adequate transit transport infrastructure and effective intergovernmental cooperation are required in order to integrate land-locked developing countries into the world economy.

29. UNCTAD as a focal point within the United Nations system for land-locked developing countries expanded its activities to monitor and facilitate the implementation of the Global Framework for Transit Transport Cooperation between land-locked and transit developing countries. Since the establishment of the Unit for Land-locked Developing Countries and Small Island Developing States, the Office of the Special Coordinator is playing an active role in building an international consensus, promoting advocacy, bilateral and regional agreements and accession to international conventions. He said that UNCTAD's programmes such as the Automated System for Customs Data (ASYCUDA) and the Advance Cargo Information System (ACIS) are designed to improve transport efficiency. The UNCTAD secretariat is prepared to extend its assistance to land-locked and transit developing countries in implementation of the outcome of the present meeting, including the initiatives aimed at establishing efficient transit transport systems in these countries.

30. The **Chief of the Unit for Land-locked Developing Countries and Small Island Developing States** expressed optimism for a brighter future in transit transport cooperation in the light of the recent and significant changes in perception, policies, approaches, and initiatives, among other things. Increased regional trade had made transit an important issue for many coastal countries. The improvement of transit systems was no longer the preserve of Governments only but a matter of interest to a wide range of stakeholders, public and private, national, regional and international. Competition among all transport modes was promoting cost-effective transport services and strengthening transit systems. New modalities were turning existing economic arrangements into operational instruments for change and development.

31. Many of the above processes were still in the formative stage and required support from the international community. Private sector investment in infrastructure is not only profitable to the investor but also to the economy as a whole. But investors' perceptions of high risk in many land-locked and least developing countries do not encourage private investments, hence the need for a combination of private and public participation and increased official development assistance. He called on the Meeting to help promote a consensus on the establishment of innovative financial mechanisms and the improvement of the skills of those involved in policy-making and day-to-day operations in the management of investments.

32. The **representative of the World Bank** stated that, while trade liberalization was progressing steadily, the cost of transport was becoming a critical factor for the competitiveness of least developed countries. Too often transit systems of land-locked and developing countries suffered from inadequate infrastructure as a result of poor institutional capacity and a lack of sufficient government finance.

33. He referred to three lessons learned from World Bank-financed studies and projects during the last decade. In many cases, regulatory and procedural problems and constraints were much more critical than infrastructure deficiencies. In most cases, there is a need for a regional strategic vision/framework to ensure effective and efficient corridors. The South Asia Regional Initiative and the Southern Africa Transport Protocols are good examples to be followed. In all cases, public/private partnerships play a critical role in the process of developing physical infrastructure and improving regulations, procedures and policies. Producers and consumers are both beneficiaries of improved transport systems while transport operators and users are business facilitators. Transport corridors promote regional integration and help developing countries increasingly to access competitive global markets. The Bank would continue to support the development and deepening of regional integration initiatives, and to focus on activities needed to create integrated markets.

34. The **Chairman of the Group of Land-locked Developing Countries** (Lao PDR) stated that while the process of globalization provided both opportunities and challenges, the land-locked developing countries were not yet in a position to reap the full benefits of the international trading system due to high costs of transportation. Furthermore, they were facing an increasing risk of marginalization. This process was further aggravated by additional expenses associated with the inadequate infrastructure development, inefficient transit operations, extensive delays at ports and border crossings, maintenance of alternative routes, the maintenance of high levels of inventories and storage costs.

35. To tackle these problems, the land-locked developing countries needed extensive cooperation and assistance from the international community in order to deal with the complex legal frameworks of the multilateral trading system, their impact on external trade performance and competitiveness, and effective participation in WTO negotiations. The proposed international ministerial meeting on transit transport cooperation would greatly assist both land-locked and transit developing countries in mobilizing greater support from the international community.

36. He expressed the gratitude of the land-locked countries to UNCTAD for the work it is doing in promoting specific actions related to the particular needs and problems of these countries. More improvement could, however, be made in the area of systematic data collection regarding external trade and associated high transport costs in land-locked countries. These statistics are needed to be able to assess problems adequately and promote solutions. He also welcomed the continued support of the Office of the Special Coordinator and looked forward to the UNCTAD report on the functioning of the Unit for land-locked developing countries and small island developing States to be submitted to the forthcoming session of the General Assembly. The group would carefully examine the resource situation and work programme of the Unit.

37. The **representative of Mexico** stated that Mexico supported the proposal for a ministerial meeting in 2003 on transit transport issues. Mexico was working with Central American countries on the "Puebla-Panama Plan" aimed at strengthening the physical infrastructure from Mexico through Central America to Panama. Mexico had offered to share its experiences with other developing countries within the TCDC modality, in the areas identified in an UNCTAD study covering physical infrastructure as well as financial, institutional and regulatory considerations.

38. The **representative of India** stated that the UNCTAD secretariat produced useful background papers but she wondered why UNCTAD did not send out questionnaires to Governments and relevant institutions as had been done in the past to seek information relating to progress in transit transport cooperation between land-locked and transit developing countries. Cooperation between the land-locked and transit developing countries is pivotal for an effective response to transit transport issues. India enjoys close and historical links with both Bhutan and Nepal and accords high priority to trade and transit issues in its bilateral exchanges while making an effort to provide them with multi-modal transit transport options.

39. The 1995 Bilateral Agreement between Bhutan and India, valid till 2005, provides Bhutan with free third country exports and imports. There are twelve exit entry points for Bhutan's third country trade. These include land, rail, riverine and air routes.

40. A Treaty of Transit, valid for seven years, was signed between India and Nepal in January 1999. The treaty has considerably improved and simplified procedures for the transit of Nepalese cargo through Indian territory. For Nepal's trade with third countries, the Treaty provides 15 transit routes to and from Calcutta Haldia ports. Nepal has also been offered facilities at the Bombay Port and the Kandla Ports for third country trade. As pointed out in the UNCTAD secretariat report, transit transport costs for Nepal are only 4.9% - about one third the average for

land-locked countries, and almost half the average for developing countries. This is a result of the strong bilateral cooperation between the two countries and India takes immense satisfaction from this.

41. She called on the international community to commit additional financial resources and technical assistance for capacity-building in the physical infrastructure, as well as for making available improved services and harmonized processes between the land-locked and transit developing countries. Regarding the proposed 2003 Ministerial Meeting, it would be necessary to undertake preparatory work in consultation with land-locked and transit developing countries and to address the constraints and challenges in a holistic and integrated manner in order for it to be meaningful.

42. The **representative of Mongolia** stated that progress had been made since the last meeting. Among positive steps he mentioned further institutionalization of the land-locked developing countries' group. He emphasized that due priority should be accorded to land-locked developing countries when strengthening the Unit on Land-locked Developing Countries and Small Island Developing States (SIDS). He highlighted the need for closer cooperation between land-locked and transit developing countries. Focus should be placed not so much on the issues that divide, but on the "deliverables" that promise mutual benefits. It was necessary to increase research and analysis by UNCTAD of the positive and negative experiences of land-locked developing countries in the areas of deregulation, liberalization, privatization and competition as new instruments conducive to reduction of costs and improvement of efficiency. He commended UNCTAD for helping countries in the Northeast Asia region (Mongolia, China and Russia) to meet to set up a Transit Traffic Framework Agreement. He supported the decision of holding a Ministerial Meeting on transit transport issues in 2003 in Kazakhstan.

43. The **representative of Brazil** stated that concrete proposals were needed for the creation of innovative financial instruments at the national, regional and international levels, including financial support from institutions operating in the region. The Brasilia Communiqué of September 2000, issued by the Meeting of Presidents of South American Countries, stressed the importance of developing a regional vision to elaborate plans for infrastructure development. The regional focus would produce synergies in the development of physical infrastructure. The Communiqué also adopted the concept of regional development hubs, which favour the development of infrastructure needed for sustainable economic and social development and the promotion of an integrated vision in the areas of energy, transport and communications.

44. The **representative of Japan** stated that, with the unprecedented progress made in information technologies, globalization presented tremendous opportunities for increased and timely international trade at much less cost. However, without adequate transport infrastructure and an enabling environment for smooth transit transport, the development of information technologies alone would not bring about the expected results to land-locked developing countries.

45. Two-fold challenges needed to be addressed, namely the development of badly needed infrastructure and the preparation of an enabling environment for smoother transit transport. To meet the first challenge, the commitment and ownership of land-locked and transit developing countries were of the utmost importance. Japan had complemented the nation-building efforts of

land-locked countries through grants, and concessional loans necessary for building roads and bridges as well as modernizing ports and airports. On the second challenge, or the soft infrastructure, i.e. managerial, procedural, regulatory and institutional transit systems needed for effective utilization of assets, land-locked and transit developing countries should create an even stronger partnership with one another. Subregions and regions have much to learn from each other and Japan could contribute to the learning process. Japan supported the idea of a Ministerial Meeting in 2003.

46. The **representative of Indonesia** stated that greater global competition had brought more marginalization to many land-locked countries despite the promise of information and communication technologies and efforts to limit their negative effects. External indebtedness has compounded the problem. New measures are needed. These include providing financial grants and concessional loans, and more regional and subregional cooperation such as in ASEAN in order to facilitate the flow of goods and people.

47. The **representative of Kazakhstan** stated that many activities are currently under way in his region to improve the transit problems. These include the establishment of a database on traffic, a memorandum of understanding on road transport in the region, etc. The UNDP was requested to support the ongoing work. There is a need for further coordination efforts among land-locked developing countries. He also said that his Government was prepared to host the proposed Ministerial Meeting in 2003.

48. The **representative of Pakistan** stated that access to world markets was a necessary prerequisite for economic growth and development. It was therefore imperative that no country of the world, whether land-locked or not, should be denied access to the world market. This expert group, in its previous four meetings, has also identified the key problems faced by this group of countries and is now seeking their solutions. The measures taken by the relevant organs of the United Nations system and the development partners had progressed slowly and the challenges faced by these countries remained formidable. The resources to build needed infrastructure could be given in the forms of enhanced ODA, increased investment, reducing their debt burden and, more importantly, by providing unhindered market access for their products and services.

49. Pakistan provided transit facilities to its land-locked neighbours. It has signed and ratified the Pakistan-Afghanistan Transit Trade Agreement in 1965, the ECO Transit Trade Agreement in 1995, the Transit Transport Framework Agreement in 1998, and the Quadrilateral Agreement on Transit Trade with China, the Kyrgyz Republic and Kazakhstan. It has also pursued a number of effective policies and projects aimed at developing Pakistan's road and railway infrastructure and improving port facilities. He expected the meeting to help in the realization of their objectives.

50. The **representative of Lao PDR** stated that his country has entered into a number of agreements with its neighbours in order to alleviate its transit problems. These include the bilateral agreement with China, Vietnam, Myanmar, Thailand and a protocol in process with Cambodia. Other initiatives include feasibility studies and projects to connect a network linking the various corridors and the countries in the region. Unfortunately, there are many projects but not enough financial means to implement them.

51. The **representative of Peru** stated that, for Peru, a transit country for Bolivian tra
is a need to establish financial instruments at national, regional and internationa
international financial institutions could help through special and innovative progra
support the development, improvement and maintenance of needed physical infrastructu
Andean region, the Corporación Andina de Fomento is playing its role. Peru believe
international community – and in particular the financial institutions – have a key respo
towards countries with physical disadvantages, such as land-locked developing countrie
in their integration efforts. Peru felt that a political declaration was very important to
future meetings, and that the United Nations could serve as the forum to develop
mechanisms for the integration and compensation of land-locked developing countries.

52. The **representative of Bolivia** stated that the priority in their region is to integrate
MERCOSUR and the Andean group of countries. Efforts in recent years to moder
economy include privatization of railways, gas pipelines and highways. However, desp
efforts many problems remain. For example, corridor development seems to have en
more imports rather than exports. Simple technical know-how does not seem to be a s
solution in solving transit problems. More cooperation will always be needed. Hence,
support for the proposed Ministerial Meeting.

53. The **representative of China** stated that his country had always been sympathetic
locked developing countries' problems. This is why it has been cooperating with its lan
neighbours to improve transit systems of their goods, including through several
agreements with Lao PDR, Kazakhstan, Mongolia, and the Russian Federation. He com
UNCTAD for its assistance in negotiating a draft transit traffic framework agreement
China, Mongolia and the Russian Federation. He said that his Government did not
problems with convening a ministerial meeting in 2003. In that context, he called f
coordination since many Ministerial Meetings are being convened.

54. The **representative of Nigeria** stated that his country was aware of its e
responsibilities to its neighbouring land-locked countries, namely Chad and Niger. Nig
acceded to some international and sub-regional conventions and protocols on facilitation
transport: the 1965 New York Convention on Transit Trade of Land-locked Countries,
Convention on the facilitation of international maritime traffic, the International Conventi
Simplification of Customs Regimes and the Inter-State Road Transit Protocol. Nigeria
implemented various resolutions reached at the symposium organized recently by the
Organization of West and Central Africa (MOWCA) and the European Union. Finally, sev
projects are being planned or implemented: freight stations, rail links, roads, etc.

55. The **representative of Burkina Faso** stated that the background papers prep
UNCTAD were very useful but he regretted the absence of documents on West Africa. His
suffered a lot from its land-lockedness. Union Monetaire Ouest Africane (UMOA) and E
Community of West African States (ECOWAS) are working together to improve their t
systems. His delegation supported the proposed Ministerial Meeting.

56. The **representative of Viet Nam** stated that the background documents were of good quality and useful to the meetings' deliberations. His country has been improving the East-West corridor in their region. However, financial resources and other constraints limit their ability to do better.

57. The **representative of Iran** stated that seven land-locked countries were in their vicinity. There was little improvement in the physical infrastructure. The solution may be in a piecemeal approach. He called for coordination among donors, financial institutions and development agencies. A road linking Europe to Shanghai could be created. Telecom networks should be strengthened to give more access to information.

58. The **representative of the Arab Republic of Egypt** stated that the meeting of experts from land-locked developing countries and their partners was especially important for developing countries that were signatory to international trade agreements. Efficient transport infrastructure made it possible to access international markets and services at reasonable cost. Although Egypt enjoyed access to the sea through the Mediterranean, the Suez Canal and the Red Sea, it was still challenged to strengthen both land and other links with its neighbours and these were costly projects. For example, Egypt would like to participate in building a rail network linking it to Europe through its western neighbours: Tunisia, Libya, Morocco, and to Spain through Gibraltar. The railway could continue further south through Sudan. Any technical and financial support to these projects would be appreciated.

59. He singled out projects such as the Eastern Railway lines, presently under construction for linking Africa with Asia at a total cost exceeding US$ 300 million over the Suez Canal, and the International Road which crosses Egypt from East to West along the Mediterranean sea coast. These projects will provide an important corridor for passengers and commodities through Egypt and will help the adjacent countries to minimize the transport cost. Moreover, many maritime projects were now in progress to encourage transit transport movements to the new ports located at the North-West of Suez Gulf and at the Eastern Suez Canal. The main aim of these new ports is to facilitate and maximize the transit trade through the Mediterranean area.

60. The **representative of Côte d'Ivoire** stated that his country was happy to have been invited by UNCTAD to participate in the meeting. He mentioned an important project that could link the port of San Pedro in Côte d'Ivoire by road (180 km) to the rich region in the South West of Mali.

61. The **representative of Burundi** stated that his country has three means of access to the sea: the Northern Corridor towards Mombasa costing US$235 per metric ton, the Central Corridor towards Dar-es-Salaam costing US$85 per ton and the Southern Corridor towards Mpulungu on Lake Tanganyika in Zambia, costing US$135 per ton. He called for donors to help build the Great Lakes railway linking Kasama to Mpulungu in Zambia, Bujumbura to Cyangugu in Rwanda to Kasese and Kampala in Uganda and then to Mombasa, Kenya; the rehabilitation of the port of Mpulungu, the extension of the pipeline Mombasa-Eldoret in Kenya to Kampala, Kigali and Bujumbura; the increase in the number and the acquisition of new railway wagons on the railway Dar-es-Salaam-KIGOMA in Tanzania. He supported the call for banning economic sanctions against land-locked countries.

62. The **representative of Nepal** stated that land-locked countries are confronted with developmental and transit-transport problems of colossal proportions. The Millennium Declaration had aptly recognized those problems and the need for special attention to the land-locked countries. He urged both bilateral and multilateral donors to increase financial and technical assistance to this group of countries to meet their special needs. The Fifth Meeting of Land-locked Countries needs to focus on the critical obstacles facing these disadvantaged countries. Nepal acknowledged the general concept underscored in the "Review of Progress in the Development of Transit Systems in India, Nepal and the Bhutan Sub-region", and supported the convening of the Ministerial Meeting on LLDCs in 2003.

63. The **representative of Benin** said that his country granted certain facilities to land-locked countries using the port of Cotonou, such as the provision of berths, exemption from the payment of certain port charges and the introduction of a laissez-passer system. Benin would welcome support from the international community and donors for the extension of the port of Cotonou and for the modernization of major roads serving transit countries.

64. The **representative of the Southern African Development Community** said the SADC region had basic transport infrastructure to cater for its basic needs. The cost of transport, however, remained relatively high because of long distances from areas of production and the poor conditions of the different modes of transportation, coupled with border post delays, high insurance costs and uncoordinated documentation procedures. The SADC member states had taken some positive steps to resolve or eliminate inefficiencies in operations and to reduce transport costs through a number of reforms, including privatization, harmonization of standards and procedures and the simplification of processes and documentation, among other measures. The impediments in the transit transport systems had thus been identified and cooperating partners were invited to bring in the necessary investments to improve the systems.

65. The **representative of the Economic Cooperation Organization** (ECO) said considerable potential for the development of complementarities in the area of trade existed in his region, such as the harmonization of regional development strategies, reduction of trade barriers and evolving of common regulations aimed at integrating the region with global markets. The coordination of existing transport and communications networks with global corridors would end the isolation of the seven land-locked members of the organization, namely Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. The challenge of building the requisite infrastructure was beyond the capacity of the region and thus called for urgent support by the international community.

66. The **representative of the Common Market for Eastern and Southern Africa** (COMESA) stated that the 20 member States of COMESA have an important integration agenda, including a free trade area launched on 31 October 2000, a Customs Union with a common external tariff by 2004 and a Monetary Union in 2025. COMESA is promoting the following projects and needs the support of the international community: Great Lakes railway covering Zambia, DRC, Burundi, Rwanda, Tanzania and Uganda; Advanced Cargo Information System (ACIS) project covering Burundi, Rwanda, Uganda, Kenya, Tanzania, DRC, Sudan, Ethiopia, Eritrea and Djibouti.

67. The **representative of the Maritime Organization for Western and Central African States** (MOWCA) said that the land transit cost as a percentage of ocean transport cost in respect of shipments from North-West Europe through some transit ports in the West and Central African sub-region had been estimated to range from 71% to 171%. This was one major factor inhibiting regional economic integration and seriously undermining the external trade competitiveness of land-locked countries. MOWCA regarded this issue as having significant implications for its medium- to long-term goals of establishing efficient multi-modal transport systems, encouraging private sector investments in providing a coastal shipping service, and generally ensuring that the subregion has cost-effective maritime transport service. All land-locked and transit countries involved in West and Central Africa are members of MOWCA, and the movement of the vast majority of their transit trade included the sea-leg. MOWCA had organized a three-day symposium in February 2001 which reviewed work already done and ongoing work on problems of transit transport and adopted a programme of action regarding outstanding work.

III. ACTION BY THE GOVERNMENTAL EXPERT MEETING AND CLOSING STATEMENTS

68. At its (closing) plenary meeting, on 3 August 2001, the Governmental Expert Meeting adopted its agreed conclusion and recommendations (TD/B/LDC/AC.1/L.7), as reproduced in chapter I above.

Closing statements

69. The **Chairman of the Group of Land-locked Developing Countries (Lao PDR)** congratulated the participants and organizers for the successful meeting of experts. He also expressed his gratitude to the delegations for their support and flexibility during the negotiations of the agreed conclusions and recommendations. In particular he stressed the importance of the recommendations regarding the Ministerial Meeting of Land-locked and Transit Developing and Donor Countries to be held in 2003. He thanked the people and Government of Kazakhstan for their generous offer to host the Conference. He also expressed hope that all stakeholders will play an active role in the preparatory process and during the Conference itself in 2003.

70. The **Representative of Bangladesh** thanked the Government of Japan for their assistance to this meeting. In the relevant part of the Brussels Programme of Action for the development of LDCs for this decade, the specific geographical constraints and problems of the land-locked and small island LDCs had also been taken into account. He called upon the development partners to assist in the improvement of physical infrastructure which was essential for efficient transit operations.

71. Bangladesh was ready to fully support and cooperate with its land-locked neighbours. Development of an integrated transport system within the region is one aspect of their policy of further strengthening and consolidating ties with their neighbours and among the countries of the South Asian region. Within the South Asian Association for Regional Cooperation (SAARC) framework, transport and communications has been identified as one of the promising and viable sectors of cooperation for the promotion and growth of trade in the region.

72. Bangladesh strongly supported the proposal of convening a Ministerial Meeting in 2003 on transit transport issues.

73. The **Representative of Cambodia** was happy to join the consensus and his government emphasized the importance of the 2003 Ministerial Meeting.

74. The **Representative of the United States of America** stated that the US expects that the recommendation to convene a Ministerial Meeting in 2003 will be implemented within existing budgetary resources.

IV. ORGANIZATIONAL MATTERS

A. Opening of the session

75. The session was opened by the representative of the Secretary-General of UNCTAD and Officer-in-Charge of the Office of the Special Coordinator for the Least Developed, Land-locked Developing Countries and Small Island Developing States on 30 July 2001.

B. Election of officers
(Agenda item 1)

76. At its first meeting, on 30 July 2001, the following officers of the Bureau were elected:

Chairman:	H.E. Mr. Yukio Satoh (Japan)
Vice-Chairmen:	H.E. Mr. Alounkeo Kittikhoun (Lao People's Democratic Republic)
	H.E. Mr. Mwelwa C. Musambachime (Zambia)
	Mr. Enio Cordeiro (Brazil)
Rapporteur:	Mr. Munesu Munodawafa (Zimbabwe)

C. Adoption of the agenda and organization of work
(Agenda item 2)

77. At its opening plenary, the Meeting adopted the provisional agenda, as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of progress in development of transit systems in land-locked and transit developing countries, including consideration, pursuant to General Assembly resolution 54/199, of the proposal made by the fourth meeting in 1999 regarding the convening in 2003 of a ministerial meeting on transit transport issues so as to give appropriate emphasis to the problems of land-locked and transit developing countries
4. Other business
5. Adoption of the report of the Meeting

D. Adoption of the report of the Meeting
(Agenda item 5)

78. At its closing plenary, on 3 August 2001, the Meeting adopted its draft report (TD/B/LDC/AC.1/L.6) and authorized the Rapporteur to complete the report in the light of the proceedings at its closing plenary.

Annex I

ATTENDANCE *

1. The following representatives attended the Meeting:

Member States

Austria
Azerbaijan
Bangladesh
Benin
Bhutan
Bolivia
Brazil
Brunei Darussalam
Bulgaria
Burkina Faso
Burundi
Cambodia
Cameroon
Central African Republic
Chile
China
Côte d'Ivoire
Democratic Republic of the Congo
Denmark
Dominican Republic
Egypt
Ethiopia
Finland
France
Gambia
Georgia
Germany
Ghana
Haiti
India
Indonesia
Iran (Islamic Republic of)
Italy
Japan
Kazakhstan
Lao People's Democratic Republic
Lesotho
Luxembourg
Malawi
Mali
Malta
Mauritania
Mexico
Mongolia
Nepal
Niger
Nigeria
Pakistan
Paraguay
Peru
Philippines
Russian Federation
Sierra Leone
Singapore
Thailand
Turkey
Uganda
United Republic of Tanzania
United States of America
Viet Nam
Zambia
Zimbabwe

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* For the list of participants, see TD/B/LDC/AC.1/INF.5

United Nations

Economic Commission for Africa (ECA)

Specialized Agencies and Related Organizations

World Bank (WB)

Intergovernmental Organizations

European Community (EC)
Union of African Shippers' Councils (UASC)

Subregional Organizations

Common Market for Eastern and Southern Africa (COMESA)
Economic Community of West African States (ECOWAS)
Economic Cooperation Organization (ECO)
Maritime Organization for Western and Central African (MOWCA)
Northern Corridor Transit Transport Coordination Authority (NCTA)
Southern Africa Transport and Communications Commission (SATCC)

Consultants

Mr. Martin Glassner, International Law Association
Mr. Severin M.A. Kaombwe, INFRA AFRICA
Mr. Jack Stone

Annex II

CHECKLIST OF DOCUMENTS

Main documents

TD/B/LDC/AC.1/16	Provisional agenda and annotations
TD/B/LDC/AC.1/17	Transit Systems of Land-locked and Transit Developing Countries: Recent Developments and Proposals for Future Action - Report by the UNCTAD secretariat

Background documents

UNCTAD/LDC/110	Review of Progress in the Developments of Transit Transport Systems in South-East Asia - Report prepared by Mr. Philippe Cabanius and Mr. Kammoune Bouaphanh
UNCTAD/LDC/112	Infrastructure Development in Land-locked and Transit Developing Countries: Foreign Aid, Private Investment and the Transport Cost Burden of Land-locked Developing Countries - Report prepared by Mr. Jack L. Stone, UNCTAD consultant
UNCTAD/LDC/113	Review of Recent Progress in the Development of Transit Transport Systems in Latin America - Report prepared by Mr. Rene Peña Castellon, UNCTAD consultant
UNCTAD/LDC/114	Review of Progress in the Development of Transit Transport Systems in the India, Nepal and Bhutan Subregion - Report prepared by Chakra Infrastructure Consultants Pvt Ltd UNCTAD consultant
UNCTAD/LDC/115	Review of Progress in the Development of Transit Transport System in Eastern and Southern Africa
A/55/320	Transit environment in the Land-locked States in Central Asia and their Transit Developing Neighbours
UNCTAD/LDC/Misc.51	Report of the first Negotiating Meeting to consider the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and Russia
UNCTAD/LDC/Misc.53	Report of the first Specific Consultative Meeting on Transit Transport Systems of the Lao People's Democratic Republic
UNCTAD/LDC/Misc.61	Report of the Second Negotiating Meeting to consider the Draft Transit Traffic Framework Agreement between the People's Republic of China, Mongolia and Russia